

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 L-03 EB-07 COME-00 SS-15 FTC-01 TRSE-00

OMB-01 FRB-03 SP-02 AID-05 IGA-01 OPIC-03 CIAE-00

INR-07 NSAE-00 /059 W

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P 031500Z JUL 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 4979

C O N F I D E N T I A L CAIRO 6632

E.O. 11652: GDS

TAGS: EFIN CPRS PFOR EG

SUBJECT: US CLAIMS AGAINST EGYPT

1. AT THE REQUEST OF UNDERSEC DEWIDAR, COUNSELOR KORMANN AND DEPUTY ASST. LEGAL ADVISER HUANG MET THIS MORNING WITH EGYPTIAN DELEGATION OF 7 MEMBERS AT DEWIDAR'S OFFICE, INCLUDING REPRESENTATIVES FROM EGYTIAN ORGANIZATION FOR ECONOMIC COOPERATION, SEQUESTRATION AUTHORITY, FOREIGN OFFICE, CONTROLLER OF COMPENSATION AGRARIAN REFORM AND EXCHANGE CONTROL OF MINISTRY OF FINANCE.

2. U.S. SIDE REQUESTED THAT MEETING BE REGARDED AS INFORMAL AND PROCEDURAL FOR PURPOSE OF ARRANGING FIRST FORMAL SESSION WHICH DEWIDER SUGGESTED BE ON JULY 5. AT THAT TIME AMBASSADOR WILL FORMALLY INITIATE NEGOTIATIONS. AFTER EXCHANGING PLEASANTRIES, ALL EGYPTIAN REPRESENTATIVES EXCEPT DEWIDAR WITHDREW. DEWIDER, KORMANN AND HUANG, BY MUTUAL AGREEMENT, HELD FURTHER CONFIDENTIAL, OFF-THE-RECORD DISCUSSIONS IN CORDIAL TERMS REGARDING MATTERS TO BE RAISED AT THE FORMAL NEGOTIATIONS. THIS WAS NOT REPEAT NOT FORMAL NEGOTIATION BUT EXPLORATION OF THE BASES TO CONDUCT THE FORMAL NEGOTIATIONS.

3. DEWIDAR STATED THAT THE NEGOTIATIONS SHOULD BE LIMITED SOLELY TO CONSIDERATION OF NATIONALIZATION AND EXPROPRIATION OF PROPERTY OF US CITIZENS. HE REFERRED TO AGREEMENTS PREVIOUSLY CONCLUDED BY EGYPTWITH OTHER COUNTRIES WITH 35-50 PERCENT DEDUCTION FROM  
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AGREED COMPENSATION AND RESTRICTED USE OF BALANCE OF TRADE AND

TOURISM. HE DID NOT MENTION BLOCKED BANK ACCOUNTS OR OTHER CASES.

4. HUANG RESPONDED BY REMINDING DEWIDER ABOUT HIS PROMISE OF AN UP-TO-DATE, COMPREHENSIVE LIST OF BLOCKED BANK ACCOUNTS, AND SAID THAT THESE SHOULD BE INCLUDED. HUANG THEN POINTED OUT THAT AS PREVIOUSLY STATED IN APRIL, USG WAS AWARE OF GENERAL FRAMEWORK OF EGYPTIAN CLAIMS AGREEMENTS, BUT WAS UNABLE TO ACCEPT THOSE TERMS AS CITED BY DEWIDAR. THE USG WAS OPERATING UNDER DIFFERENCE INTERESTS AND OBJECTIVES. THE USG WOULD REQUEST FULL COMPENSATION. CLAIMANTS WERE ALSO ASKING FOR PAYMENT OF INTEREST.

5. DEWIDER RESPONDED THAT BLOCKED BANK ACCOUNTS WOULD BE PAID SOMEHOW OUTSIDE THE CONTEXT OF NATIONALIZATION AND EXPROPRIATION CASES. AS TO PAYMENT OF INTEREST, HE SAID IN SUBSTANCE THAT GOE HAD NEVER PAID ANY INTEREST ON ALL IT CLAIMS AGREEMENTS THAT THERE WERE PRECEDENTS, AND IN ANY CASE THE EGYPTIAN ECONOMY COULD NOT ABSORB SUCH SURCHARGE. HUANG RESPONDED THAT IT WOULD NOT BE APPROPRIATE AT THIS TIME TO GO INTO THE SUBSTANCE OF THE MATTER, BUT WOULD RESERVE THE MATTER FOR FUTURE DISCUSSION. AS SHOWN ON THE LATEST LIST OF CLAIMS TO BE FORMALLY PRESENTED TO DEWIDER, IN VIRTUALLY ALL CASES THERE IS INCLUDED A WRITTEN REQUEST FOR PAYMENT OF INTEREST.

6. DEWIDER THEN REQUESTED US SIDE TO PREPARE A DRAFT AGREEMENT WITH TWO PRINCIPAL POINTS:

FIRST POINT: CONTAINING DEFINITIONS OF US NATIONALS, CATEGORIES OF CLAIMS, TERMS AND PERCENTAGES OF PAYMENT AND OTHER DETAILS;

SECOND POINT: TO COVER A LUMP SUM LEFT BLANK FOR LATER INSERTION.

HUANG DECLARED IT WAS DIFFICULT TO DRAW UP SUCH AN AGREEMENT IN THE ABSTRACT. HUANG WOULD WANT PARALLEL AGREEMENT ON BOTH POINTS SIMULTANEOUSLY. IF ON THE OTHER HAND DEWIDER COULD AGREE TO A SUM ACCEPTABLE TO USG, HUANG WOULD READILY AGREE TO PROVIDE SUCH A DRAFT ON POINT 2 AND TO DRAFT POINT 1 IN TERMS ACCEPTABLE TO DEWIDAR TO ACCOMMODATE EGYPTIAN CONCERNS FOR OPTICAL REASONS. USG WOULD COOPERATE FULLY WITH GOE IN DRAFTING ANY SATISFACTORY LANGUAGE.

7. IN THE COURSE OF INFORMAL DISCUSSION DEWIDER MENTIONED SOME CONFIDENTIAL

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FIGURES ON NATIONALIZATION AND EXPROPRIATION CASES WHICH WERE FAR BELOW THOSE CLAIMED BY THE USG. HUANG POINTED OUT THAT THESE FIGURES WERE NOT CONSISTENT WITH THE LATEST USG FIGURES; THAT THE TOTAL WAS NOW 15.3 MILLION DOLLARS AND THAT BOTH FIGURES WOULD BE SUBJECT TO VERIFICATION AND EXAMINATION AT THE FORMAL SESSIONS. DEWIDAR SAID THAT THE EGYPTIAN REPRESENTATIVES WOULD WANT TO COMPARE AND VERIFY THE US LIST AS WELL. DEWIDAR WAS GIVEN THE COPY BEFOREHAND OF THE LATEST US LIST OF CLAIMS FOR HIS INFORMATION AND

USE AND TO FACILITATE THE EGYPTIANS IN GATHERING NECESSARY DATA.  
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